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Australia, in common with many industrialised countries, must adjust in the coming years to an ageing population. The labour force participation rate is projected to fall and there will be a record number of older people who have retired from work. Thus, there will be fewer workers as a share of the population to generate the income needed to support the entire population.

- One way in which this can be attenuated is for labour force participation rates to rise, particularly among older workers, those aged 55–64 years, where the rates are presently much lower than for those a decade younger.
- This has already begun to occur—employment growth over the course of this decade has been highest among men and women aged 55–64 years, but it will need to continue to grow in the coming years.
- There are two main ways to boost the labour force participation rate of older workers. The first is for people to stay in work longer; and the second is for those out of work to enter or re-enter the workforce.
- Keeping older workers in work will depend primarily on factors other than education and training, including superannuation and tax arrangements, labour market conditions and flexible work arrangements, to enable workers to gradually transition from work to retirement.
- Education and training options for this group need to be supportive. Older workers need to maintain the currency of their existing skills and learn new skills. Education and training can assist attachment to the workforce and is a relatively inexpensive investment if undertaken part-time and while continuing to work.
- Older workers comprise a heterogeneous group and training should address their individual needs and build on their strengths, experiences and interests. Skills learned on the job are important, and recognition of these can encourage further learning. Motivation of older workers is a key challenge.
- Improving workforce participation for older people presently out of work presents a greater challenge. Many of these have been retrenched and many have low levels of literacy and numeracy. For this group, vocational education and training (VET) provides a remedial or second-chance education. They need intensive support for the training to deliver employment benefits, supplemented by active labour market assistance.

at a glance



Australian Government  
Department of Education, Employment  
and Workplace Relations

## INTRODUCTION

**As the Australian population ages, there is an increased need to encourage older workers to stay employed longer**

Australia, in common with many industrialised countries, faces a demographic challenge in the coming years of adjusting to an ageing population. By 2045, 25% of Australia's population will be over 65 years, a consequence of declining birth rates and increasing life expectancy (Productivity Commission 2005). Immigration, especially skilled migration, is one option to increase labour supply in the next 20 years (McDonald & Withers 2008) but will not be sufficient. Other complementary initiatives will be required.

Historically, prime-aged workers (those between 25 and 50 years) have higher labour force participation rates than those aged 50 years and over (Tan, Lester & Richardson 2008). Australia's labour force participation for people aged 15–64 years has shown only a small net increase in the 15 years from 1990 to 2005, with the main driver being the increasing participation of women (from 62% to 68%) (ABS 2007).

The labour force participation rate is projected to fall and there will be a record number of older people who have retired from work. There is increased interest in retaining older workers in employment for longer to meet labour market needs and generate sufficient income to support the entire population as a result.

**Prime-aged adults** in the Australian workforce are defined as those persons from 25 to 49 years of age (sometimes includes those 50 to 54 years).

**Mature-aged adults** in the Australian workforce are defined as those persons from 45 years to 64 years of age.

**Older workers** in the Australian workforce refer to those persons from 55 to 64 years or over.

**Retirement age** in Australia usually refers to the age at which a person retires from full-time work. There is no statutory retirement age in Australia. The retirement incomes system envisages a possible span of retirement starting between the ages of 55 to 70 years, during which retirement savings can continue to accumulate or retirement income can be accessed. If eligible, a person

can claim the Australian Age Pension—currently at the age of 65 years for men and women (born after 1949). However, access to superannuation funds is available from the age of 55 years. Policy-makers are taking into account Australia's ageing population, with governments introducing various incentives aimed at encouraging older workers to remain in the workforce.

The proportion of Australians aged 55–64 years who are working is comparable with countries like Canada, UK and the US, but is well below others like NZ & Sweden

Labour force participation rates for both men and women in the 55–64 years age group declined with age in all Organisation for Economic Co-operation and Development (OECD) countries examined by the Australian Bureau of Statistics (ABS); see figure 1 (ABS 2007). In 2005, participation rates for Australian men aged 55–59 and 60–64 years were 75% and 55% respectively, similar to the rates for men in Canada, the United Kingdom and the United States in the same year. These rates were well below those for men in New Zealand (86% and 71%) and Sweden (86% and 66%). In 2005 the participation rate for Australian women between the ages of 50–54 and 55–59 years dropped from 73% to 55% and then again to 31% by age 60–64 years. Comparatively, female participation rates in Sweden were 85% for women in the 50–54 years age group; 80% for 55–59 years; and 57% for 60–64 years (ABS 2007).

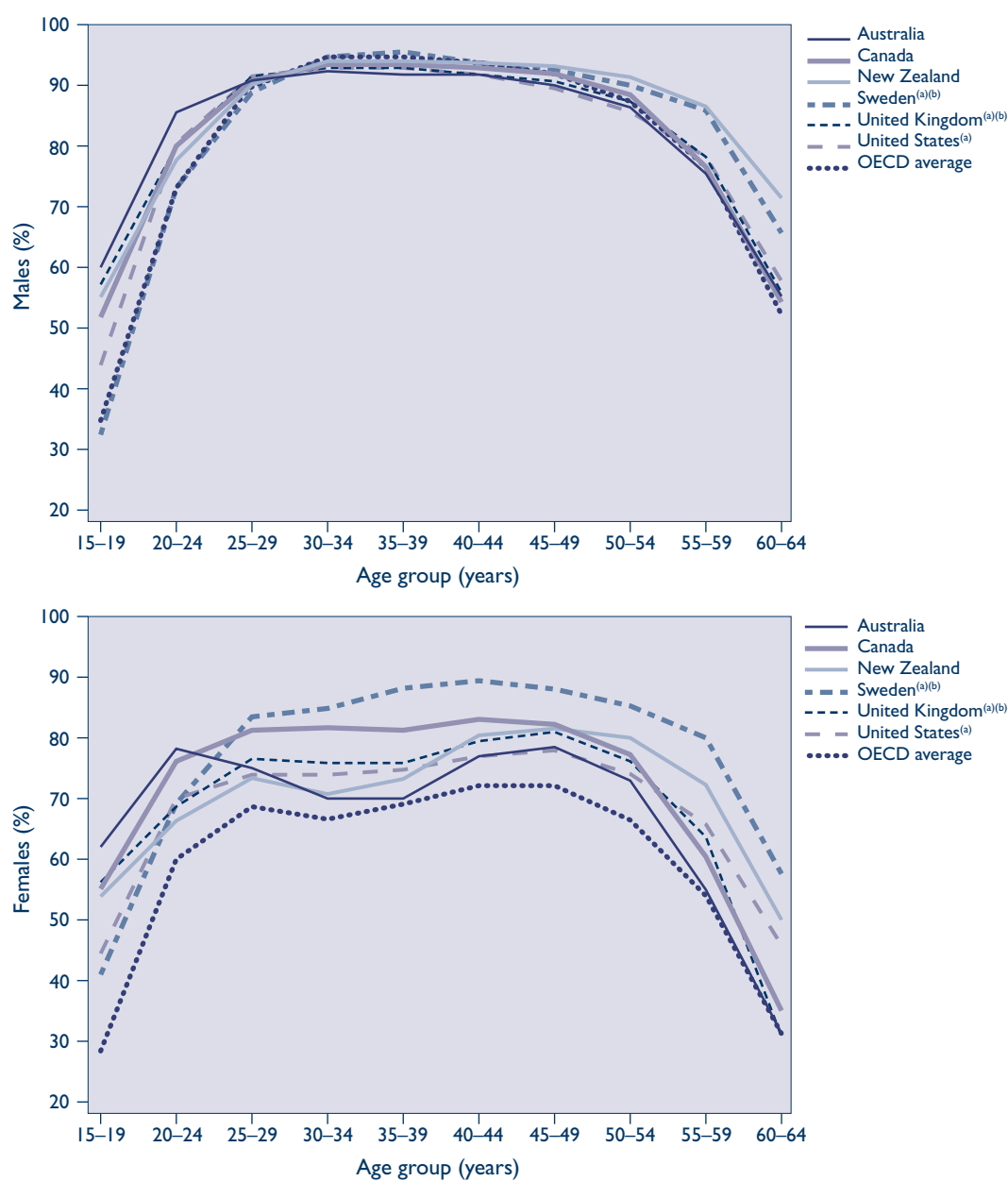
The labour force participation rate is projected to fall, leading to a record number of people who have retired from work. One way in which this can be attenuated is to keep older workers in employment for longer.

Employment growth has been highest in those aged over 55 years (ABS 2007)—tempted by the superannuation and pension benefits of extra years of working. Government policy has changed, providing incentives to postpone full retirement and to self-fund retirement (Tan, Lester & Richardson 2008).

Data from the ABS Labour Force Survey (ABS 2009) indicate that the proportion of those employed aged 55 to 64 years has increased from 43% in 1980 to 58% in 2008. The increase has been steady for women. For men, the proportion employed has increased since the early 1990s, reversing a long-term decline (see figure 2).

Karmel and Woods (2008) and Kennedy and Da Costa (2006) both point to an increase in education as a factor behind increased labour force participation among older men but also highlight improved health and improved labour market conditions.

Figure 1 Labour force participation rate of persons aged 15–64 years, selected countries, 2005

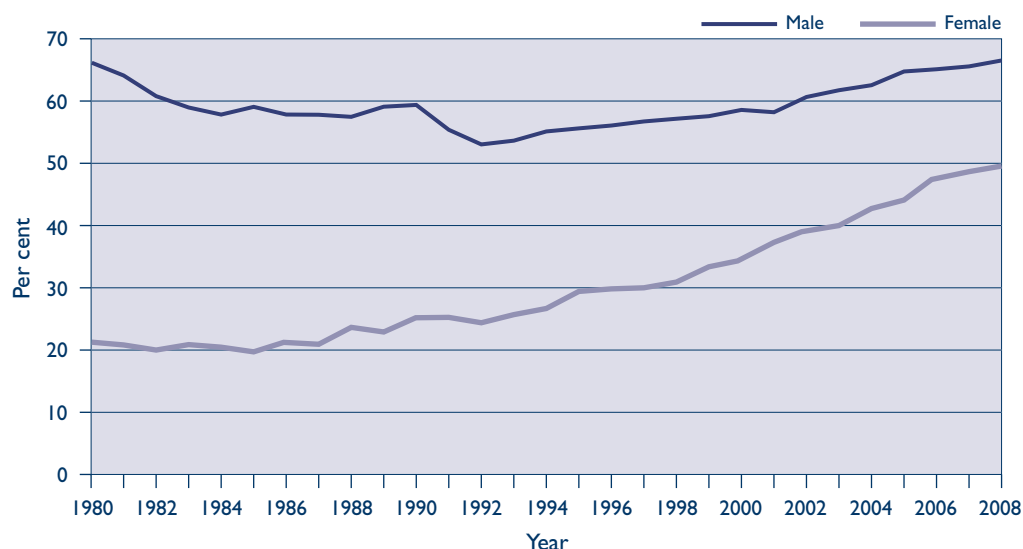


Notes: (a) Aged 16–64 years.  
(b) Includes defence personnel.  
Source: Adapted from ABS 2007.

## TWO MAIN WAYS TO BOOST WORKFORCE PARTICIPATION

There are two main ways to boost the labour force participation rate of older workers. The first is for people to stay in work longer than they had planned, and the second is for those out of work to enter or re-enter the workforce. Different supporting education and training strategies are called for.

Figure 2 Employed persons as a proportion of population, by sex, 55 to 64-year-olds, 1980–2008



Source: Adapted from ABS 2009.

Providing financial incentives and appropriate workplace conditions will help keep older people in their jobs for longer

## PEOPLE IN WORK

More educated people tend to retire later than those with lower levels of education. Education qualifications aside, keeping older workers in work will primarily depend on factors other than education and training and include superannuation and tax arrangements, labour market conditions and flexible work arrangements, to enable workers to gradually transition from work to retirement.

Job growth in Australia over the last decade has provided better employment prospects for mature-aged Australians. But some cultural change has been required to provide 'age-friendly' workplaces.

The second *Intergenerational report* (Treasurer 2007) notes a significantly faster increase in life expectancy than anticipated five years earlier. This means that many older workers are likely to be able to work because they are in better health and will need a higher retirement income to maintain their lifestyles.

Older workers are looking to combine work and leisure, learn new skills, change careers, or delay retirement and may seek part-time work. At 65 years and older, about half of the working men are employed part-time, while women are mostly employed part-time. Australia has a much higher rate of part-time employment for both men and women (27% in 2005) compared with other OECD countries, with the OECD average being 16% (ABS 2007). Education and training for those already working requires finding ways to enable older workers to maintain the currency of their existing skills. Older workers have historically undertaken less training than those younger than them.

**To remain productive, older workers need access to training programs which focus on the specific needs of the individual, and on what interests and motivates them**

Lundberg and Marshall (2007) identify that older workers want equal access to training programs to enable them to update and enhance specific skills in their particular field and to keep up to date with technology. In particular, computer skills, they consider, are essential in allowing them to work past retirement age, and 'train the trainer' skills are required to enable older workers to pass on skills and train and mentor younger workers.

Karmel and Woods (2008) show that education qualifications obtained later in life are associated with higher employment rates. Part-time study may be particularly cost-effective because, as pointed out by Long and Shah (2008), foregone earnings are lower.

Mature-aged workers are a heterogeneous group, so any generalisations about their learning styles must be treated with caution (Selby Smith, Smith & Smith 2007). Education and training for older workers should address the specific needs and circumstances of individuals (Ferrier, Burke & Selby Smith 2008). Skills learned on the job are very important and, if recognised, can be used to encourage further education and career changes later in life. Active labour market assistance is also required for disengaged older workers.

The challenge for employees and employers is to maintain the motivation, skill level and employability of older workers. Education and training for older workers must use a learner-centric approach; that is, a focus on learner interests to motivate them. It may also involve employers redesigning job roles to better use the skills and experience of older workers or individuals changing careers later in life.

Training improves the employment prospects of mature-aged people, especially the unemployed and women, with VET often providing a 'second chance' for those without post-school qualifications. But discouraged older workers need considerable assistance

## PEOPLE OUT OF WORK

Evidence shows that skill development activities lead to improved labour market outcomes for some mature-aged people (in terms of higher employment rates or wages), especially for those who were previously unemployed, and for women. These labour market outcomes are highest amongst those who complete higher-level qualifications rather than lower-level, or who hold incomplete qualifications (Dawe & Elvins 2006).

Discouraged older workers who have been made redundant and individuals from groups with low workforce participation (for example, welfare support recipients with a disability, those in a carer role or the unemployed) need encouragement, intensive support and active labour market assistance to find sustainable work. Any education and training experience requires empathy and cultural sensitivity to build on their strengths and experiences.

Intensive support is also required to overcome low-level literacy and numeracy skills, lack of work experience, and few job opportunities in low socioeconomic or rural and remote areas. Results from the recent Adult Literacy and Lifeskills Survey (ABS 2006) show that one in two of those with the lowest assessed levels of literacy and numeracy were not in work, compared with one in six at the highest levels.

Improving the participation rate among unemployed or discouraged older workers requires a quite different approach, one which uses the remedial value of vocational education and training for adults, or so-called second-chance education. VET in particular provides a 'second chance' for older people who have not completed a non-school qualification (Karmel & Woods 2008).

## CONCLUSIONS

Older workers do respond to incentives, but lifestyle preferences need to be accommodated. Training has an important, but not dominant role

Older workers will continue to work if the financial incentives are there and their lifestyle preferences can be accommodated. While not the most important factor, education and training has a role to play.

However, training for older workers needs to acknowledge the experience, skills and qualifications of older learners and address the specific needs and motivation of individuals.

Finally, delaying retirement for older persons in the workforce is a quite different prospect from getting older, discouraged workers back into employment.

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